

Does The Subsidized Rice Program Successfully Alleviate Poverty? (a Case Study Central Java Province)

Aris EkoPurnomo^{1*}, BambangSupriyono², MR. KhairulMuluk³

¹Local Government of Kudus, District Office of Jekulo

²Magister of Public Administrative Science, University of Brawijaya

³Magister of Public Administrative Science, University of Brawijaya

Abstract

This research tried to find out problems surrounding the implementation of the subsidized rice program using qualitative method by observing the context of policy (including power and strategies, characteristic of authorities, and compliance). The program is designed to avoid poor people from severe hunger by providing extremely cheap rice by obeying its principles '6Ps' (Precise in Quantity, Quality, Price, Target, Time and Administration), that is why the research focuses to observe the context of policy, since those principles are related to society's condition instead of the policy (content). In fact, more than 28 million Indonesian still struggles to escape from poverty trap. It means that there are problems during the implementation, so that the research reveals that the principles were not obeyed completely and failed to help poor. Therefore, it gives critical advices to boost the program, such as improving database accuracy, tightening the evaluation, and strengthening the double impacts.

Keywords: *hunger, poverty alleviation program, poor, raskin, subsidized rice program*

INTRODUCTION

Internationally, combating poverty has become top priority in the development agendas of countries amidst current globalizing era, notably for developing countries such as Indonesia. It can be revealed from the leader's pledges from over 180 countries that commit to work towards achieving global goals, henceforth well known as Millennium Development Goals (MDGs). MDGs comprise of eight development goals, not surprisingly, eradicating extreme poverty and hunger is positioned at the top of the list of goals(1). Moreover, through his work, AmartyaSen asserted that hunger will be the world's problem that accompanies poverty problems. According to Sen, hunger is not simply a problem of imbalance between population and food supply, but it comes from inability of poor people to get sufficient food due to the absence of income, even they are surrounded by plenty of food(2). Hence, it can be imagined the dangerous of poverty and hunger. Since then, the world's commitment to eradicate poverty and famine is the most priority agenda made by countries around the world.

Indonesia, which was built based on the marvelous notion to become a welfare state, has already concerned in the people welfare since the independence. It can be found in the preamble of the Constitution of 1945, one of the purposes of the establishment of the Republic of Indonesia is the improvement in society's general welfare.

Considering that the state has to take the responsibility for society's welfare and alleviate them from all kinds of ignorance, backwardness, poverty and hunger, the research more focuses on the implementation of poverty alleviation programs such as the subsidized rice program, since the program directly touch the poor and absorb huge budget both central government and local government. Therefore, it is important to scrutinize the effectiveness of this program.

However, in the reality, poverty and hunger are still the crucial problems faced by Indonesia up to now. According to the data from Central Statistics Agency of Indonesia/CSA(*Badan Pusat Statistik/BPS*), in 2012, the poverty rate in Indonesia reached 11.66 percent of Indonesia's total population or 28.59 million. It is true that poverty rate is decreasing since 5 years previously, the data from BPS shows that poverty rate in 2007 was 16.58 percent(3), hence it can be calculated that poverty rate decreases 4.5 points during 2007 - 2012. However, the national pent to reduce the poverty increased around 200

Aris EkoPurnomo

E-mail : arisepe@gmail.com

Alamat : Kantor CamatJekuloKabupaten Kudus
Jl. Kudus – Pati KM 10 Kudus 59382

percent approximately in the 5 years recently(3). It means that cutting slightly the poverty rate needs an enormous national budget. Furthermore, the attention has to be concerned to the government's ability in managing and executing its budget into poverty alleviation programs.

Table1. Number and Proportion of Poor People in Indonesia 1976-March 2013

YEAR	Number of Poor (Million People)			Percentage of Poor		
	Urban	Rural	Urban +Rural	Urban	Rural	Urban +Rural
1970	n.a	n.a	70.00	n.a	n.a	60.00
1976	10.00	44.20	54.20	38.80	40.40	40.10
1978	8.30	38.90	47.20	30.80	33.40	33.30
1980	9.50	32.80	42.30	29.00	28.40	28.60
1981	9.30	31.30	40.60	28.10	26.50	26.90
1984	9.30	25.70	35.00	23.10	21.20	21.60
1987	9.70	20.30	30.00	20.10	16.10	17.40
1990	9.40	17.80	27.20	16.80	14.30	15.10
1993	8.70	17.20	25.90	13.40	13.80	13.70
1996 (a)	7.20	15.30	22.50	9.70	12.30	11.30
1996 (b)	9.42	24.59	34.01	13.39	19.78	17.47
1998	17.60	31.90	49.50	21.92	25.72	24.20
1999	15.64	32.33	47.97	19.41	26.03	23.43
2000	12.31	26.43	38.74	14.60	22.38	19.14
2001	8.60	29.27	37.87	9.79	24.84	18.41
2002	13.32	25.08	38.39	14.46	21.10	18.20
2003	12.26	25.08	37.34	13.57	20.23	17.42
2004	11.37	24.78	36.15	12.13	20.11	16.66
2005	12.40	22.70	35.10	11.68	19.98	15.97
2006	14.49	24.81	39.30	13.47	21.81	17.75
2007	13.56	23.61	37.17	12.52	20.37	16.58
2008	12.77	22.19	34.96	11.65	18.93	15.42
2009	11.91	20.62	32.53	10.72	17.35	14.15
2010	11.10	19.93	31.02	9.87	16.56	13.33
Mar-11	11.05	18.97	30.02	9.23	15.72	12.49
Sep-11	10.95	18.94	29.89	9.09	15.59	12.36
Mar-12	10.65	18.49	29.13	8.78	15.12	11.96
Sep-12	10.51	18.09	28.59	8.60	14.70	11.66
Mar-13	10.33	17.74	28.07	8.39	14.32	11.37

Source: CSA, 2013

At least government showed its strong commitment, the data from CSA revealed that there was a significant decrease of people living below poverty line from time to time especially during 1970 -1996. In that period, the number of poor was noted 60 percent of total Indonesia population in 1970 or around 70 million people (as shown in Table 1), and it became only 11.3 percent or 22.5 million in early of 1996 particularly before suffering financial crisis.

Regrettably, from the end of 1996 to 1998, the fascinating Indonesian economy was hit by the worst catastrophic crisis, that was financial crisis. As a result, it blew up the number of poor people rapidly. Recorded in 1999 (Table 1), the number of poor was 48 million people, in other word, it was skyrocketing as twice as 22 million poor in the early of 1996.

Since then, the government of Indonesia attempts to boost so many programs in alleviating poverty. Several programs combating poverty have been launched by government to alleviate poverty and achieve its MDGs, for instance Backward Village Subsidy Program, Social Safety Net Program, Unconditional Cash Transfer Program, National Program of Society Empowerment, and certainty Subsidized Rice (called Raskin Program). The latter, furthermore, will be scrutinized in this research.

Subsidized Rice program is one of the Poverty Reduction Programs launched by government aiming help for poor people to fulfill the need of food and reduce financial burden by providing subsidized rice. It is one of the government programs from 3 clusters in The Poverty Alleviation Program, namely:

1. **Cluster I (Social Protection and Assistance)**, intended to fulfill the basic needs of poor both individuals and households. The benefits of those programs usually can be delivered to the poor directly because it is given to them (poor) directly.
2. **Cluster II (Community Empowerment)**, this is a poverty reduction programs based on community empowerment.
3. **Cluster III (Assistance in micro business)**, this cluster is based on empowering micro and small enterprises. Program aims to provide access and economic empowerment for actors in micro and small scale enterprises.

Based on its characteristic, Subsidized Rice Program is categorized in the First Cluster along with other social assistance programs i.e. Social Health Insurance, Unconditional Cash Transfer, and School Operational Assistance.

Then why does government pay its attention in rice subsidy? Certainly, because rice is the basic need for most Indonesian people and the expenditure portion in food is higher for the poor. Moreover, according to CSA publications (Table 2), in September 2012, food commodities

contributed the most impact on poverty line both in urban and rural areas. Being at the top of the list, the rice commodity influences the poverty line at 26.92 percent in urban areas and 33.38 percent in rural areas. This data indicates the dependence of our society on the circumstances of rice. Hence, the government's help in providing Subsidized Rice is reflected good effort to subsidize poor people as part of alleviating poverty program in advance. Giving subsidy to society is considered appropriate enough not only to avoid poor people from severe hunger, but also to reduce the burden of people, so that they can use their money to buy another need. In other word, it also maintains the purchasing power of poor people.

Table 2. Commodities Influencing Poverty Line in 2012

Commodity		Commodity	
Food	Urban	Food	Rural
Rice	26.92	Rice	33.38
Cigarette	8.67	Cigarette	8.23
Chicken Egg	3.51	Sugar	3.86
Chicken Meat	3.12	Chicken Egg	2.61
Sugar	2.77	Instant Noodle	2.3
Soybean Cake /Tempe	2.44	Soybean Cake /Tempe	1.96
Soybean Curd /Tahu	2.15	Soybean Curd /Tahu	1.6
Instant Noodle	1.59	Onion	1.51
Onion	1.32	Coffee	1.5
Red Pepper	1.26	Tuna Fish	1.35
Non-Food	Urban	Non-Food	Rural
Housing	8.7	Housing	5.78
Education	2.71	Convection (Kid)	1.76
Fuel	1.91	Electricity	1.55
Transportation	1.86	Convection (Adult)	1.46
Convection (Kid)	1.79	Fuel	1.43

Source : CSA (2013, p.5)

Needless to say, Subsidized Rice Program is one of good policy formulas which are made by government of Indonesia. Unfortunately, up to now Subsidized Rice Program has still faced many problems and constraints impeding the implementation of this program. According to Smeru Research Institute Jakarta, the Subsidized Rice program indicates relatively low in effectiveness, that many problems emerge in the distribution of the rice from the primary distribution point to the beneficiaries, and that the issues faced are actually similar from year to year. There is also indicating that the performance of the programs has not always been satisfactory, often reflecting high administrative costs, corruption, and leakages to the non-poor (4).

Despite its remarkable notion of the Subsidized Rice Program formulation in alleviating poverty, there is an unsatisfying emerging amidst the society, particularly beneficiaries, related to the inappropriate distribution and quality of rice. Hence, under such circumstance, concern has to be paid to the implementation process, because it will determine the success of the program in accordance with its formulated purposes.

Furthermore, considering that Central Java Province in Indonesia is still struggling in lowering poverty rate signed by its high percentage of poverty comparing with national poverty rate, thenhow Central Java Province attempt to conduct poverty alleviation programs especially subsidized rice program is interesting to be scrutinized. That is why through this research, to what extent the subsidized rice program is run in Central Java Province Indonesia will be explored, especially in its implementation to obey the six principles (6P) used as guidance of subsidized rice program. The 6P set by Coordinator Ministry of Society Welfare consists of:

1. Precise in Quantity;
2. Precise in Quality;
3. Precise in Target;
4. Precise in Price;
5. Precise in Time; and
6. Precise in Administration.

After finding the problems soughtduring its implementation, hopefully, how to improve the program can be designed and implemented, therefore it will contribute to combat poverty and hunger.

RESEARCH METHOD

The approach or methodwas used in this research was qualitative research since it is considered useful to seek the answers of the questions established properly by examining various social settings. Basically, qualitative research relies on the informal wisdom that has developed from the experiences of researchers(5), therefore, direct observation was needed and done to deepen the understanding of the research topic. In this case, because research is aimed to analyze the Implementation of Subsidized Rice for the Poor (Raskin Program) in Central Java Province of Indonesia, hence direct observing was conducted to gain data andinformation about the research by approaching directly to the actors involved in the

implementation of subsidized rice program, including poor people as beneficiary.

In addition, the period of research was starting from 2013 to 2014, however although the data and interview were acquired mostly in 2014, yet they draw the situation and condition in previous years. While the data used in this research came from facts during field research, the explanation and information gained from informants and documents related and relevant to the research topic.

It can be said that the process of data collection was done by observing, interviewing both depth interview and unstructured interview, and studying of various documentations.

Moreover, the interview will be addresses to find out the matter relate to the context of policy since it sees the circumstance of political policy and administration of the political policy itself. Therefore the indicators observed during the interview, including:

- a. Power, Interests and Strategies of the Actors involved.

Strategies used by local governments in the implementation of subsidized rice program in Central Java Province in order to achieve the six principles of precision needs to be studied.

- b. Characteristics of Authority

Character of the decision makers needs to be studied. It greatly determines how the implementation of the policy will run. Commitment of the executing program also contributed to the success of policy implementation.

- c. Level of compliance and the response from the implementing

Level of compliance comes from officials and beneficiaries. The degree of their compliance will determine the implementation of the program.

RESEARCH FINDINGS

Economic and Poverty Situation in Central Java

Before conveying the findings, it is needed to know in a glance of economic and poverty situation in Central Java Province. Here is the situation can be analyzed.

From the economic aspect, among the economic sectors, Agriculture sector absorbs the highest number of labor and significantly contributes to Gross Regional Product of Central Java as shown in table 3. According to the table

below, the agriculture sector contribution to Gross Regional Product of Central Java Province decreases gradually from 19.96% in 2008 to 18.69% in 2010. Yet, it absorbs 35.53% labor in 2010, the highest number of labor compared to other sectors(6).

Table 3. Contribution to Gross Regional Product (GRP) and Labor Distribution in Central Java (2008 - 2010)

Sector	GRP (%)			Labor Distribtn (%)		
	2008	2009	2010	2008	2009	2010
Agriculture	19.96	19.30	18.69	36.84	37.04	35.53
Mining	1.10	1.11	1.12	0.86	0.77	0.74
Processing Industry	31.68	32.51	32.83	17.48	16.78	17.81
Electricity, Gas, Water	0.84	0.84	0.86	0.14	0.18	0.12
Building Development	5.75	5.83	5.89	6.51	6.49	6.62
Trade, Hotel, Resto	21.23	21.38	21.42	21.05	21.86	21.43
ICT	5.16	5.20	5.24	4.63	4.30	4.20
Finance	3.71	3.79	3.76	1.09	0.98	1.14
Other Services	10.57	10.03	10.18	11.40	11.60	12.41
TOTAL	100	99.99	99.99	100	100	100

Source: (TNP2K, 2013)

Sat in the top of labor distribution percentage, the agriculture sector in Central Java Province generates surplus of paddy production, it can be seen in the table 4 below. The vast area of paddy field also contributes to the huge amount of production. It is noted that 30.47% of its area is a wetland.

Table 4. Paddy Field Production in Central Java 2006-2013

Year	Harvest Area (Ha)	Production (tonne)
2006	1,672,315	8,729,291
2007	1,614,098	8,616,855
2008	1,659,314	9,136,405
2009	1,725,034	9,600,415
2010	1,801,397	10,110,830
2011	1,724,246	9,391,959
2012	1,773,558	10,232,934
2013	1,845,447	10,344,816

Source: (CSA n.d.)

As aforementioned, Central Java Province basically has a big potency in agriculture sectors since it has huge number of manpower in this sector and also it has plenty of agriculture area, some of which equipped with the well-developed infrastructure such as irrigation system and comfort road. However, the fact that its poverty rate is higher than national poverty rate is surprised. Indeed, there are many alleviation poverty programs in Central Java Province to combat both poverty and hunger but the fact

that its poverty rate, but by considering the fact of its poverty rate, inevitably, it is crucial to improve those programs, one of which is Subsidized Rice Program, because it absorbs much higher budget than other programs.

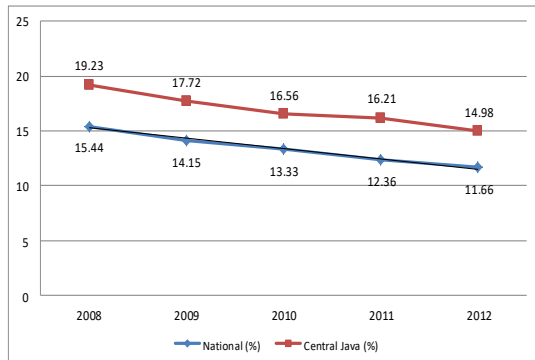


Figure 1. Comparison of National Poverty Rate and Central Java Poverty Rate Year 2008-2012

From the Figure 1 above, it obviously shows that the poverty rate of Central Java Province was higher than that of National from year to year, comparing 14.98% to 11.66% of the population in 2012. By using this simple comparison, it can be calculated that the decreasing poverty rate in Central Java Province is not significant enough and left behind other provinces in Indonesia.

For that reason, therefore, this research scrutinizes the implementation of Subsidized Rice Program in Central Java Province which can be considered failed in lowering poverty rate.

Subsidized Rice Program in Central Java Province

As explained before, precise in quantity, precise in quality, precise in time, precise in price and the precise in administration are the principles that the focus of the Raskin program implementation. However, those 6P requires the cooperative role from the Central Government, National Team of Poverty Alleviation (TNP2K), and Local Government (both Provincial Government and District/Municipality/City government), even the village government. All of them have contributions and own role. In the case of Provincial Government of Central Java, it is responsible for coordinating and monitoring the distribution of subsidized rice in its area. It includes monitoring the database drafting process made by CSA and Municipality Government.

The subsidized rice program is basically financed by Central Government (Ministry of People Welfare), while the procurement process is handled by National Logistic Agency, therefore procurement process is done in national scale. In the procurement process, there is no role at all of Provincial and Local Government so that they cannot make any measure in this process. Then, it often invites problems to rise, because most local governments actually want the procurement process done is conducted in local scale, it means that National Logistic Agency buys the rice from local farmer and given back to the poor in the same area. As a result the double benefit of program can be gained. The illustration of double benefits can be seen in the figure 2 as follow:

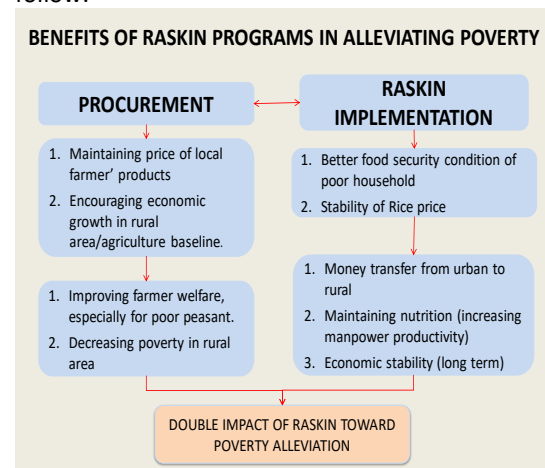


Figure 2. Double Impact of Subsidized Rice Program

Here is how the double impacts should work. From the figure 2 above, the benefit of Subsidized Rice Program comes not only in the direct way to the beneficiaries of subsidy, in this case poor households, but also in the indirect way through the procurement process by which it is expected to buy local farmer's product, so that the indirect benefit of program can be received by all local farmers (whether they are poor or not). Interestingly, Central Java actually generates surplus of rice from year to year(7), so that if the program works as it should be, Central Java Province will gain the big benefit of the program from such indirect benefit.

In fact, some of beneficiaries of Subsidized Rice Programs in Central Java Province are farmers. It means that the indirect benefit did not work properly for farmers.

Looking at the table 5 below about the rice production and population in Central Java, it can

be expected that Central Java Province can fulfill their need of food. For instance in the year 2012, total rice production is 10,232,934 ton, while the population is 33,270,207. At the time Central Java was contributing 14.8% of national product of rice, and basically its rice production is much enough to fulfill its need (Central Statistic Agency of Central Java(8). But, in fact, Central Java still receive huge amount of subsidized rice from Central Government.

Based on CSA' data, Central Java Province needs 85.235 kilograms per capita per year in 2012(8), in that case the total rice needed by Central Java Province is only 2,835,786,093.645 kilograms or 2,835,786 tons, while its production reaches 10,232,934 ton. It means Central Java has generated around 7,397,147,906 ton surplus of rice in 2012. Therefore, if the program works properly, farmers should get the benefit from the indirect way, not from the direct way as the beneficiaries. In the other word, local farmer in Central Java should not be poor anymore if the double benefit works properly.

Table 5. Population and Rice Production in Central Java 2012

YEAR	POPULATION	RICE PRODUCTION (TONS)	NATIONAL RICE PRODUCTION	CONTRIBUTION TO NATIONAL PRODUCT (%)
2012	33,270,207	10,232,934	69,056,126	14.8

Source: CSA (2013)

Truthfully, to identify farmer's welfare, it is necessary to look up the Farmer Exchange Rate (Nilai Tukar Petani/NTP). The farmer exchange rate is the ratio between the index of prices received by farmers and the index of prices paid by farmers expressed in percentage(9). It is one of indicators to determine the level of farmer welfare. Generally, the best condition is indicated by more than 100% value. It means farmers have a surplus.

Table 6. Farmer Exchange Rate in Central Java Province 2008-2012

MONTH	JAN	MAR	MEI	JUL	SEP	OKT	NOV	DES
YEAR	%	%	%	%	%	%	%	%
2008	98.7	95.5	98.3	100.3	102.3	102.4	101.7	102.7
2009	98.27	98	97.86	98.08	99.69	99.24	99.81	100.03
2010	95.92	95.03	95.42	96.99	97.67	97.97	98.66	98.8
2011	99.03	98.9	101.7	104.1	105.2	105.33	105.39	106.17
2012	106.5	104.5	104.4	104.9	105.6	106.1	105.8	106.4

Source: (CSA, bps.go.id.)

Indeed, this table told that after the middle of 2011, farmers gain profit continuously, yet the previous conditions are up and down. In other words, farmers still struggle to escape from poverty trap. As shown in 2010, they recorded lose all the time. To sum up, the double impacts claimed by government through the subsidized rice program are questionable. At least farmer did not perceive the benefit from indirect impact resulted from procurement process. They only receive the benefit from direct impact as the beneficiaries of the program. National Logistic Agency was accused of not prioritizing local rice produced by farmers.

Moreover, both Provincial Government and Local Government should be involved in the procurement process, therefore they can contribute their role to support local farmers by encouraging National Logistic Agency to utilize local rice. Ideally, in the case of Central Java Province as the third largest rice producer in Indonesia (3) which has big surplus of rice, farmers should harvest profit from their product.

Comparison of Subsidized Rice Program to other Poverty Alleviation Program

Seen from the budget spent to operate subsidized rice program, the amount tend to rise from year to year.

As shown in table 7 below, the trend of national budget for operating Subsidized Rice Program increases gradually from year to year, although the rice ceiling is relatively constant in the last 3 years but budget used increases a little(10).

Table 7. National Allocation and Budget of Subsidized Rice Program Year 2005 – 2012

YEAR	Poor Household	Targeted Poor HH	% of PH/TPH	Budget (Rp x Billion)	Rice Ceiling (x 1,000 tonne)	Realization (x 1,000 tonne)	% of Real/Ceiling
2005	15,791,884	8,300,000	52	no data	1,992	1,991	99.96
2006	15,503,295	10,830,000	70	no data	1,622	1,624	99.97
2007	19,100,905	15,781,884	83	no data	1,736	1,732	99.76
2008	19,100,905	19,100,000	100	no data	3,346	3,237	96.83
2009	18,497,302	18,497,302	100	no data	3,330	3,223	96.81
2010	17,488,007	17,488,007	100	11,400	3,148	3,100	98.52
2011	17,488,007	17,488,007	100	15,270	3,148	2,970	94.36
2012	17,488,007	17,488,007	100	15,600	3,148	3,067	97.42

Source: (Kemenkokesra/Ministry of People Welfare, 2013)

The condition showed above is resulted from the average price in market is also increasing during the same period. At least, from the table especially the ratio of poor household and targeted poor household is improving, it means the number of poor people covered by such program also increases. Even in the last 5 years recently, all the poor people have been covered by the program. It can be said that Central Government has tried to develop their commitment in combating poverty through this program.

The similar trend also occurs in Central Java Province, the budget increase slightly during last 3 years, although the rice allocation distributed by central government is up and down as shown in table 8 below(7). The fluctuation of rice allocation in Central Java Province, basically because the number of poor people in this area is declining in average, so that the amount of subsidized rice for central java province was also reduced by central government and shifted to other provinces worse than Central Java in term of poverty rate.

Table 8.Central Java Province Budget of Subsidized Rice Program Year 2008 – 2012

YEAR	Budget Allocation for CJP (Rp x Billion)	Rice Allocation for CJP (tonne)
2008	-	561,568
2009	-	567,349
2010	1,930.0	523,319
2011	2,577.6	531,356
2012	2,616.1	527,893

Source: (Economy Bureau of Central Java Province 2013)

Another poverty alleviation program conducted by Government of Indonesia is National Program of Community Empowerment (*Program Nasional Pemberdayaan Masyarakat/PNPM*). This program is very popular because it do development in various infrastructure managed by society or community itself. This program is categorized in Cluster 2 of alleviation program and actually is further step of Cluster 1. At this stage, the poor are pushed to realize their potential and ability to get out of poverty. Empowerment approach as an instrument of this program is intended not only to improve their awareness of their potential and the resources, but also encourage the poor to participate in a wider scale, especially in the process of development around their area.

The concrete program in this cluster including the development of new road connected between settlements and field so that farmers can harvest their yield easily. The prominent item in *PNPM* is the involvement of all element of community in the development process ranging from planning to executing and maintenance. For instance, when a farmer association is given budget to build an irrigation system, hence process of planning, preparing, developing is done by themselves under the supervision of expert appointed by government, therefore they have extra responsibility to maintain the infrastructure they build by themselves.

Table 9.Central Java Province Budget of PNPM Year 2007 – 2014

Year	Sharing National Budget (Rp x Billion)	Sharing Province Budget (Rp x Billion)	Total (Rp x Billion)
2007	166.15	36.40	202.55
2008	369.00	92.25	461.25
2009	705.64	174.16	879.80
2010	679.20	169.80	849.00
2011	734.57	175.39	909.96
2012	642.77	33.83	676.60
2013	971.24	50.77	1,022.0
2014 *)	923.73	48.44	972.18

*) Temporary Data

Source: (TNP2K n.d.)

Because most activities of *PNPM* is related to infrastructure development, it is not wondering that this program absorb plenty of money. Table 9 below shows the use of money to operate *PNPM* in Central Java Province. It is obviously telling that the budget spent for such program is high enough, however it is still slightly lower than the budget used for buying rice in Subsidized Rice Program(6). Budget of *PNPM* is shared by both Central Government and Provincial Government as shown in table 9.

Another comparison also comes from program in Cluster 3 of poverty alleviation program in Indonesia. Basically, Cluster 3 consists of programs giving help for small-micro-enterprises to expand and grow their business. One of the most prominent programs in this Cluster III is Society Enterprise Loan (*Kredit Usaha Rakyat/KUR*), a help formed as a soft loan. This loan aims to provide help for entrepreneurs especially in rural area by giving soft loan to be

used for expanding their small-micro-enterprises, even for starting their new business(11). Hopefully, through this program, it will create many new entrepreneurs as well as new job slot in rural area, therefore unemployment rate can be pressure to the minimum level.

This loan is usually delivered by central government to the entrepreneurs via local bank. However its interest is really low, so that creditor would not be burdened by its installment and interest. The capital delivered to the entrepreneur from KUR program can be seen as table below:

Table 10. Capital Delivered in Central Java Province through KUR Program

YEAR	LOAN (Rp x Billion)	No. DEBITUR (Indiv)
2007	9,279.49	1,311,205
2008	-	-
2009	-	-
2010	-	-
2011	4,329.66	439,607
2012	13,972.07	1,734,339
2013	19,060.94	2,143,862

Source: (Kemenkokesra/Ministry of People Welfare n.d.)

Based on the comparison and explanation above, in term of budget spent for programs, it is clear that subsidized rice program use more money than other programs, but the beneficiaries of subsidized rice program is also high when comparing to the two other program. In term of number of beneficiaries, Subsidized Rice Program also covers much more people. In addition, it directly touch the poor people by assisting them in fulfilling their basic need. However, due to the abundant budget used in Subsidized Rice Program in its implementation, it is quite vulnerable to be abused and corrupted. This situation is resulted from the fact that Subsidized Rice Program requires long process ranging from national scale to village scale and involves many actors and institutions even private institution, therefore it cannot be avoided that there is some involved persons who try to abuse its power to get illegal benefit from this program. At least this matter recently becomes the concerning of Anti-Corruption Commission of Indonesia (KPK) of Indonesia.

Those problems such as long bureaucracy process, too much actors and alleged corruption eventually make the implementation of

subsidized rice program is ineffective and inefficient. Therefore, supervising and improvement during policy implementation of subsidized rice program is critically needed. Learning other cases is supposedly worthy to be understood. The understanding of similar program from overseas is also relevant in order to know how to strengthen the policy implementation and anticipate potential problems.

Context of Policy

While from the interview process, it can be derived some statement addressing that the implementation of Subsidized Rice Program is not efficient enough, in other word, the Six Principles was not obeyed completely.

a. Power, Interest and Strategies

According to person in charge of Subsidized Rice Program in Central Java Province, there is a strategy applied by Government in realizing the rice subsidy program. During interview, he said that:

“In order to identify problem rising, monitoring and evaluation is performed periodically and continuously. Monitoring and evaluation is not only done at the time of distribution but also after the distributing steps ranging from payment by the recipient to the village government, and the payment from village governments to Bulog. Giving reward and punishment strategy are also quite effective to improve the performance of the apparatus”

Source: Interview in 17 February 2014

Departing from the statement, there is a monitoring and evaluating process which has been done by local government periodically. As asserted by public policy theorists who said that the policy implementation has to be evaluated in order to improve suitably, with the environment surrounding the policy itself.

Therefore, in Central Java Province, within its periodic monitoring and evaluating, the government has shown its sensitivity to the circumstance around the policy. This step is critical to recognize the problem appeared and even to handle it appropriately. In addition, there is also accommodate the contribution ideas from the society, for instance there is a complaint from the society resulted from his or her inconvenience due to bad quality of rice and mistaken quantity, yet, not only making a complaint, but they also has the chance to give

the solution to overcome the problem. Those are can be absorbed by authority through periodic monitoring, inspecting and of course evaluating.

b. Characteristic of the authorities

Characteristic of the authorities is believed can drive the implementation towards successful. As Neo and Chen said:

"The political leadership sets the policy direction, agenda, tone and environment of the public sector. If the political leadership is corrupt and ineffective, the potential of the public sector, no matter how competent, would be severely hampered"(12).

The authority here can be meant the leader, is the key for public policy success. It gives the idea that how strong the influence of leader. Therefore, well-built commitment has to be shown by leader to drive the implementation toward its goal. In the term of subsidized rice program in Central Java Province, at least, the commitment of authorities has been shown by awarding for the village government which achieves the best performance every month indicated by paying the debt of rice as fast as they can.

c. Compliance and Responsiveness

Compliance and Responsiveness is closely related to the question: how good the level of compliance of both implementing authority and the beneficiaries of this program?

"Basically the level of compliance of implementer is good enough in the implementation of the Raskin program. The compliance rate of beneficiaries should also be appreciated. It's just only in a quite diversity of environment, there are few people who have a different character and nature. Such differences in perspective will eventually affect their performance"

Source: Interview in 17 February 2014

For instance, when the case of difference in perspective between officer and beneficiaries is happen in Pati regency (one of cities in Central Java Province), in which a recipient of program is unable to pay the rice price which has been received. As a result, one of village officer who chase the award for its achievement visiting him and asking the payment, however the beneficiary refuses to pay because of his lack of money. Unfortunately, this phenomena is happen from day to day, and eventually it becomes the dispute among them. Indeed, such condition can be

reconciled at the end by the Head of Village, but it illustrates that actually the compliance and responsiveness are influencing greatly in the implementation process.

CONCLUSIONS

Based on the result of research conducted by collecting data related to the concern raised in the focus of this research, both through interviews and observation, and according to the data presented. It can be drawn some conclusion on the policy implementation of Subsidized Rice Program as follows:

1. When conducting the research, researcher finds that generally, the implementation of the subsidized rice program in Central Java Province indeed goes well partially, proven that some people have received benefit. This understanding is supported by a strong commitment from the bureaucrats led by Governor. However, there are some problems that are not in accordance with the conditions set, such as improper distribution of rice, it should be 15 kg/household/month, but some beneficiaries confess that they only receive 10 kg/month or even lesser.
2. It is also found that the payment is inappropriate, since beneficiaries pay more than it should be. But authority is arguing that it was used for operational expenses.
3. Implementation of the rice distribution has been good enough as almost always on time received by beneficiaries.
4. The benefits expected is not completely achieved yet, since only direct benefit that can be enjoyed by beneficiaries (poor household) to reduce their burden, while the indirect benefit expected from procurement process did not work properly since the procurement process welcomes imported rice for the program. Even imported rice dominated in this program. As a result, Indonesian farmers still struggle to find their own market. Actually, if the procurement process works as expected, rice generated by farmers should be bought by government (National Logistic Agency) to utilize as Subsidized Rice Program, so that farmers can sell well its product and get the benefit from its profit. This condition is especially perceived by farmers in rural area because generally they lack of access to sell the product.

5. Subsidized Rice program solely cannot help poor to escape from poverty, therefore strengthen other poverty alleviation programs is absolutely required. But, considering that Subsidized Rice Program can touch directly to poor households, hence continuing this program is good effort of government to help poor.

SUGGESTIONS

Based on the results of in the research concluded as above, followings are author's advices or recommendations which are expected can help the further implementation of the subsidized rice program in Central Java Province, it can be done through a number of efforts as follows:

1. Tighten the monitoring and evaluating of implementation to avoid any abusing officers who try to do illegal action. Surveillance can be initiated from the early planning where officers determine who the recipients are. After that, at the level of implementation and evaluation, it should be held a supervision to ensure the appropriate implementation. Supervision also can be made in collaboration with independent parties such as NGOs and others.
2. Regular meetings should be held, at least once a month among all involved actors or the implementers to discuss about the progress of the program implementation, it also keeps communication between people and society
3. Implementers (officer in charge of the program) should be fair for all of the poor, especially in the process of submitting beneficiaries during establishing and validating database. The rule in the Implementation Guidelines Subsidized rice should be strictly applied
4. Improving the accuracy of database is critically needed, because there are many inappropriate beneficiaries (non-poor beneficiaries) found. The appropriate and accurate database will lead the program to be effective and efficient. It is realized that it will be hard to make the perfect database listing all of the poor. However, it is possible to minimize such problem by utilizing communities in the society to select the real poor among them.

5. Empowering private sector to play actively in their role and optimizing its CSR fund as a resource. Their fund can be utilized to finance the cost of program in Local Government level, hopefully it can cover the operational cost needed by local government and village government, so that beneficiary does not need to pay the operational cost, in other word they only pay for the rice redeemed, as much as Rp1,600/kg
6. Innovations in needed, for instance giving additional supplemental food to increase the nutrition of poor household
7. Shifting the abundant budget of subsidized rice program to other poverty alleviation programs should be considered, therefore other programs are also well-running, and create better effect to reduce poverty rate.

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